Cost of Banking Operations

722. SHRI NARENDRA MOHAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government are considering a VRS policy for banks to cut cost of operations;

(b) if so, what are the details thereof; and

(c) whether this solitary measure would suffice to achieve the desired result or any other steps are also proposed to be taken to make the operations cost-effective and less time consuming?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Regulation 29 of the Bank (Employees) Pension Regulation, 1995 provides for grant of pensionary benefits to those who voluntarily retire from banks' service on or after 1st November, 1993 after completing 20 years of qualifying service. While Government has not framed a new Voluntary Retirement Scheme, views of the Chief Executives of Public Sector Banks have been sought on desirability of introducing a Voluntary Retirement Scheme, similar to one in operation in public sector undertakings, with or without modifications.

(c) The cost of operations of a bank is a function of its cost of funds, its interest income, its non-interest income, its establishment cost and the spread with which it can operate. The employee strength of a public sector bank is only one of the factors which impinges on the cost of operations.

Loans of Farmers and Small Scale Industries in Orissa

723. SHRI C. RAMACHANDRAIAH:
SHRI RAMACHANDRAIAH RUMANDLA:

Will the Minister of FINANCE be pleased to state:

(a) whether government propose to extend loans to farmers and small scale industries in the cyclone ravaged Orissa through Nationalised Banks immediately;